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20 SPECIALTY RISK SERVICES, LLC

21 UNITED STATES DISTRICT COURT  
22 CENTRAL DISTRICT OF CALIFORNIA

23 MONARCH CONSULTING, INC. dba  
24 PES PAYROLL,

25 Plaintiff,

v.

26 SPECIALTY RISK SERVICES, LLC,  
27 Defendants.

28 SPECIALTY RISK SERVICES, LLC,

Counter-claimant,

v.

29 MONARCH CONSULTING, INC. dba  
30 PES PAYROLL,

31 Counter-defendant.

NOTE CHANGES MADE BY THE COURT

Case No. CV11-01764 DSE (A.G.)  
NOTE CHANGES MADE BY THE COURT  
[PROPOSED] ORDER GRANTING  
LEAVE TO FILE, AND ENTERING,  
STIPULATED PROTECTIVE  
ORDER

[Stipulation for Entry of Protective  
Order, and Declarations of Fredrick J.  
Weber and James F. McShane filed  
concurrently]

Complaint Filed: March 1, 2011  
Trial Date: November 6, 2012

## **ORDER**

2 The Court, having read and considered the concurrently filed Proposed  
3 Stipulated Protective Order regarding the protection of medical privacy of non-  
4 parties and competitively sensitive business information, and good cause appearing  
5 therefore,

7 IT IS HEREBY ORDERED that the Stipulated Protective Order is  
8 entered in this action! *as modified by this court*

10 Dated: August 23, 2011

Alicia L. Rosenberg

~~HON. DALE S. FISCHER~~

~~UNITED STATES DISTRICT JUDGE~~

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20 UNITED STATES DISTRICT COURT  
21 CENTRAL DISTRICT OF CALIFORNIA

22 MONARCH CONSULTING, INC. dba  
23 PES PAYROLL,

24 Plaintiff,

25 v.

26 SPECIALTY RISK SERVICES, LLC,  
27 Defendants.

28 SPECIALTY RISK SERVICES, LLC,

Counter-claimant,

v.

MONARCH CONSULTING, INC. dba  
PES PAYROLL,

Counter-defendant.

NOTE CHANGES MADE BY THE COURT

Case No. CV11-01764 DSF (AGR)

**STIPULATION FOR ENTRY OF  
PROTECTIVE ORDER**

[Proposed Order Granting Leave to File  
Stipulated Protective Order and  
Declarations of Fredrick J. Weber and  
James F. McShane filed concurrently]

Complaint Filed: March 1, 2011  
Trial Date: November 6, 2012

1 Plaintiff and counter-defendant Monarch Consulting, Inc. dba PES  
2 Payroll ("Monarch"), and defendant and counter-claimant Specialty Risk Services,  
3 LLC ("SRS"), through their counsel of record, and under Rules 26(c) and 29(b) of  
4 the Federal Rules of Civil Procedure and Local Rule 7-1, agree and stipulate as  
5 follows:

6

7

## I.

### **GOOD CAUSE EXISTS TO ENTER THIS PROTECTIVE ORDER**

8

#### **A. Brief Summary of Facts**

9

10 Beginning on October 21, 2005, Monarch retained SRS to administer  
11 the claims for benefits submitted by injured employees under Monarch's workers'  
12 compensation insurance program. SRS handled, and continues to handle, claims for  
13 benefits submitted under Monarch's workers' compensation insurance program for  
14 policy years, beginning each year on October 21, from 2005 through 2009.

15

16 In its Complaint, Monarch asserts five claims for relief: (1) breach of  
17 written and oral contracts, (2) tortious breach of the implied covenant of good faith  
18 and fair dealing, (3) declaratory relief, (4) unfair business practices and (5)  
19 accounting. Monarch alleges that SRS breached agreements by, among other things,  
20 mishandling the workers' compensation insurance claims it administered, resulting  
21 in claim overpayments, over-reserving, and increases in the collateral requirements  
22 imposed by Monarch's insurer. Monarch seeks general, special and punitive  
23 damages.

24

25 In its Counter-Claim, SRS alleges that Monarch failed to pay SRS  
26 invoices for service fees and claim losses. SRS seeks over \$100,000 in damages.

1                   During preliminary communications between counsel about anticipated  
2 discovery, Monarch indicated that it will seek, among other things, workers'  
3 compensation claim files and related documents and information pertaining to about  
4 forty-seven claims that SRS handled. (McShane Decl., ¶¶ 2-3). SRS must object to  
5 the disclosure or production of the claim files without a protective order because, in  
6 its view, the information they contain is protected by third-party medical privacy  
7 rights. Through its counsel, Monarch indicated that it will also request information  
8 and documents relating to SRS' workers' compensation claims handling manuals and  
9 related materials. (*Id.*). SRS contends that its claim handling manuals and related  
10 documents are proprietary and confidential, and it will object to producing them  
11 without a protective order.

12

13                   In order to avoid unnecessary disputes, the parties agree that (a) the  
14 claim files shall be produced under a protective order due to SRS' contention that  
15 the requested claim files contain private medical information pertaining to  
16 Monarch's injured workers, (b) SRS' workers' compensation claims handling  
17 manuals and related materials shall be produced under a protective order due to  
18 SRS' contention that they contain confidential and proprietary information that  
19 should be protected from disclosure outside this litigation, and (c) each side may  
20 locate and identify other documents and information that should be produced only  
21 under a protective order.

22

23                   THEREFORE, in order to facilitate the future production of claim files  
24 that contain private medical information, workers' compensation claim handling  
25 manuals or other internal documents that any party deems confidential, proprietary  
26 or trade secrets, the parties submit this proposed Protective Order.

27

28

1       B.    Good Cause Exists for the Issuance of a Protective Order to Protect  
2       Private Medical Information

4       1.    Injured Employees Have a Fundamental Privacy Interest in the  
5       Information Contained in their Workers' Compensation Claim  
6       Files.

8           In its Complaint, Monarch alleges, among other things, that SRS  
9       mishandled a number of workers' compensation claims filed by Monarch's injured  
10      employees. SRS contends that the claim files and related documents contain  
11      confidential medical, employment and other personal information,<sup>1</sup> and that the  
12      following authorities support its contentions:

14           The California Constitution protects an individual's right to privacy.<sup>2</sup>  
15      Cal. Const. Art. I, § 1 (among an individual's inalienable rights are "pursuing and  
16      obtaining safety, happiness, and privacy."); Urbaniak v. Newton, 226 Cal.App.3d  
17      1128, 1136 (1991). Even highly relevant, non-privileged information may be  
18      shielded from discovery if its disclosure would impair a person's "inalienable right  
19      of privacy." Britt v. Superior Court, 20 Cal.3d 844, 855-56 (1978). The  
20      constitutional right to privacy includes protection from the unauthorized  
21      dissemination of a person's medical information. Pettus v. Cole, 49 Cal.App.4th

22      <sup>1</sup> Although the parties agree with the general proposition that California law  
23      protects privacy interests in medical, employment and personal information,  
24      they do not agree on the nature and extent of that protection, including its  
25      application to the contents of workers' compensation claim files. However,  
26      they desire to minimize their points of disagreement by entering into this  
27      stipulation.

28      <sup>2</sup> State law governs this privacy claim. "In a federal action based on diversity  
29      of citizenship jurisdiction, state law governs privilege claims." Oakes v.  
30      Halvorsen Marine Ltd., 179 F.R.D. 281, 284 (C.D. Cal. 1998). Additionally,  
31      "to the extent privacy is a matter of privilege under state law, federal courts  
32      will honor the privilege and protect the responding party from discovery." Id.

1 402, 440 (1996); Urbaniak, supra, 226 Cal.App.3d at 1139 (recognizing that  
2 confidentiality of medical information encourages free communication with medical  
3 providers and protects the doctor/patient relationships from abuse).

4

5 SRS further contends that California courts assiduously protect privacy  
6 rights, abrogating them only after "a balancing of the privacy interest against  
7 competing interests to determine if the right may be invaded." Jeffery H. v. Imai,  
8 Tadlock & Keeney, 85 Cal.App.4th 345, 357 (2000); Hill v. National Collegiate  
9 Athletic Assoc., 7 Cal. 4th 1, 20, 37 (1994) (the "diverse and somewhat amorphous  
10 character of the privacy right necessarily requires that privacy interests be  
11 specifically identified and carefully compared with competing or countervailing  
12 privacy and nonprivacy interests in a 'balancing test.'"). Thus, in discovery  
13 proceedings, a court must balance the competing interests, and may order disclosure  
14 of confidential information *only* when the court finds a "*compelling public interest*"  
15 *requiring disclosure*. Britt, supra, 20 Cal.3d at 855-56. Even then, the disclosure of  
16 confidential information must be narrowly circumscribed. Id.

17

18 2. **California Labor Code Section 3762 Governs the Disclosure of**  
19 **Information Maintained in Claim Files.**

20

21 The right of privacy set forth in the California Constitution applies to  
22 confidential medical information. For that reason, the Legislature codified rules  
23 governing disclosure of confidential medical information in various circumstances.  
24 For example, Labor Code section 3762 governs the release to employers of medical  
25 information contained in an insurer's or third party administrator's ("TPA's")  
26 workers' compensation claim files, and prohibits the disclosure of an injured  
27 worker's confidential medical information to the employer, except for (a) medical  
28 information limited to the diagnosis and treatment for the condition that is the

1 subject of the employee's claim, and (b) medical information that the employer  
2 needs in order to modify the injured employee's work duties:

4 (c) An insurer, **third-party administrator retained by a**  
5 **self-insured employer** pursuant to Section 3702.1 to  
6 administer the employer's workers' compensation claims,  
7 and those employees and agents specified by a self-insured  
8 employer to administer the employer's workers'  
compensation claims, are **prohibited from disclosing or**  
**causing to be disclosed to an employer, any medical**  
**information**, as defined in subdivision (b) of Section  
56.05 of the Civil Code,<sup>3</sup> about an employee who has filed  
a workers' compensation claim, **except as follows:**

10 (1) Medical information **limited to the diagnosis of**  
11 the mental or physical condition for which workers'  
compensation is claimed and the **treatment** provided for  
this condition.

The Legislature enacted the original Labor Code section 3762 in 1993, as part of an "Employer's Bill of Rights." In its original form, in contrast to the current version of the statute, section 3762 required insurers and TPAs to disclose workers' compensation claim files, in their entirety, to employers upon request, excluding only privileged material.<sup>4</sup>

Under Civil Code section 56.05(g), "medical information" is "any individually identifiable information, in electronic or physical form, in possession of or derived from a provider of health care, health care service plan, pharmaceutical company, or contractor regarding a patient's medical history, mental or physical condition, or treatment."

27 4 As originally enacted, Labor Code section 3762 did not contain subsection (c), which limits the information that may be released.

1                   In 1999, largely in response to concerns over disclosure of employee  
2 HIV status to employers, Assembly Bill 435 proposed to amend Labor Code section  
3 3762 to *include restrictions on the medical information that insurers could disclose*  
4 *to employers.* Workers Compensation: Medical Records: Disclosure: Hearing on  
5 AB 435 Before the Assembly Comm. on the Judiciary, 1999-2000 Sess. 2 (Cal.  
6 1999). Proponents of AB 435 argued that the amendment was necessary because  
7 the Confidentiality of Medical Information Act ("CMIA"), which restricts *health*  
8 *care providers* from disclosing medical information to employers,<sup>5</sup> did not restrict  
9 *insurers and TPAs* from disclosing the same confidential medical information to  
10 employers on request. In order to re-establish statutory protection of employee  
11 confidential medical information in the hands of insurers and TPAs, AB 435 added  
12 subsection (c) to Labor Code section 3762, prohibiting insurers and TPAs from  
13 disclosing medical information to employers except: (1) the diagnosis of the claimed  
14 injury, (2) the treatment for the claimed injury, and (3) information necessary to  
15 modify the employee's work duties.

16

17                   The parties agree that California law requires Courts to protect injured  
18 workers' privacy interests in the medical, employment and personal information  
19 contained in workers' compensation claim files. These privacy interests overcome  
20 the right of public access to such medical, employment and personal information,  
21 and support the issuance of an order requiring the sealing of any workers'  
22 compensation claim file that any party files in connection with the trial of, or any  
23 motion to be filed in, this action. If workers' compensation claim files are not filed  
24 under seal, there exists a substantial probability that the privacy interests of

25

26

27

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<sup>5</sup> Under the CMIA, subject to certain exceptions, a health care provider may not disclose an individual's medical information without first obtaining a written authorization from the patient. See Cal. Civ. Code § 56.10(a).

1 Monarch's injured employees will be prejudiced, and no means less restrictive than  
2 sealing will be sufficient to protect those interests.

3

4 Accordingly, in order to protect the privacy rights of Monarch's injured  
5 employees in any confidential medical, employment or other personal information  
6 contained in their workers' compensation claim files and related records maintained  
7 by SRS and Monarch, the parties agree that all such files and documents, if  
8 produced, shall be designated "Confidential" and shall be not be disclosed except as  
9 provided herein.

10

11 **C. Good Cause Also Exists for the Issuance of a Protective Order to Protect**  
12 **Proprietary, Confidential, Business-Sensitive Information**

13

14 The parties seek only to limit, but not prevent, the disclosure of  
15 proprietary and competitively-sensitive business information. Federal Rule of Civil  
16 Procedure 26(c)(1)(G) specifically authorizes issuance of a protective order  
17 concerning the disclosure of trade secrets or other confidential information. Fed. R.  
18 Civ. Proc. 26(c)(1)(G). A protective order may be issued upon a showing of good  
19 cause. In re Lifescan, Inc. Consumer Litig., 1999 U.S. Dist. LEXIS 9894, \*5 (N.D.  
20 Cal. 1999). Courts generally require parties seeking a protective order to show a  
21 particular and specific need for the protection and a showing of serious harm either  
22 to business or non-business interests. Id.; see also In re Coordinated Pretrial  
23 Proceedings in Petroleum Products Antitrust Litigation, 101 F.R.D. 34, 41 n.7 (C.D.  
24 Cal. 1984) (holding that "Rule [26(c)(1)(G)] provides that upon a showing of good  
25 cause, a court may order that trade secrets, confidential research or other  
26 commercial information produced during discovery be protected from public  
27 disclosure" and that the "good cause requirement is met by a showing that disclosure  
28 will work a clearly defined, specific and serious injury").

1                   Monarch contends that SRS breached the Policies by mishandling,  
2 overpaying and over-reserving workers' compensation insurance claims made under  
3 the Policies. (See Section A above). According to Monarch, this led to an increased  
4 amount Monarch was required to pay on those claims and increased the premiums  
5 that insurers charged Monarch under their policies. (Id.). During preliminary Rule  
6 26 discussions, Monarch has indicated that it will seek disclosure or production of  
7 SRS' internal claims handling guidelines and procedures. (McShane Decl. ¶¶ 2-3).  
8 SRS contends that these documents are confidential, proprietary and/or trade secret,  
9 and that disclosure of the documents without a Protective Order would cause SRS  
10 competitive and/or financial harm. (Weber Decl. ¶¶ 2-3). SRS' claims handling  
11 guidelines and procedures are internal documents disclosed only to employees of  
12 SRS and its affiliates. Id. If SRS' competitors obtain those guidelines and  
13 procedures and emulate the system SRS has put in place to handle claims, there is a  
14 risk that SRS would lose a competitive advantage, which it claims to currently enjoy  
15 in the handling of claims. (Id.).  
16

17                   In its Complaint, Monarch also raises issues regarding certain claim  
18 handling expense items, including, among other things, the prices SRS charges for  
19 medical bill review services. Accordingly, the parties understand that disclosures  
20 and discovery may encompass internal information and documents regarding SRS'  
21 relationships, procedures and methods for providing, pricing and billing for its  
22 services, such as medical bill review. SRS contends that such information and  
23 documents are confidential, proprietary and reflect how SRS conducts and prices  
24 certain aspects of its business. (Weber Decl., ¶ 3). If SRS' pricing models for  
25 medical bill review and other services were produced in this litigation without a  
26 Protective Order, SRS would be put at a serious competitive disadvantage. (Id.).  
27 SRS' competitors could attempt to use its pricing information and other proprietary  
28 business information to lure away current and potential future SRS customers. (Id.).

1                   In an effort to reduce discovery disputes and accommodate each party's  
2 competing needs, *i.e.*, Monarch's need for information versus SRS' need to keep its  
3 competitively-sensitive information confidential, the parties agreed to seek a  
4 protective order.

5

6                   **STIPULATED PROTECTIVE ORDER**

7

8                   In order to facilitate the discovery process, Monarch and SRS stipulate  
9 and agree that documents designated and produced as "confidential" under this  
10 Order, including but not limited to confidential material contained in SRS' claim  
11 files, SRS' internal claims handling guidelines and procedures, SRS' medical bill  
12 review or other internal documents relating to the protocols and pricing of its  
13 services, and such internal documents as Monarch may designate as confidential  
14 (collectively "Confidential Information") shall be protected according to the  
15 following terms and conditions:

16

17                   1.       SRS and/or Monarch will mark or stamp Confidential  
18 Information with an appropriate designation indicating its determination that the  
19 document(s) or information should be subject to this Stipulated Protective Order. In  
20 the case of deposition testimony, SRS and/or Monarch may designate testimony as  
21 Confidential by (a) indicating on the record that such testimony is or contains  
22 Confidential Information and direct the court reporter to mark or stamp the cover of  
23 such transcript with an appropriate designation indicating that it is subject to this  
24 Stipulated Protective Order, or (b) designating, by page and line number, and within  
25 30 days after receipt of the deposition transcript, the portions of deposition  
26 testimony that are or contain Confidential Information. Except as the Parties  
27 otherwise agreed in writing, the Parties shall treat all testimony in any deposition  
28

1 transcript as Confidential Information under this Protective Order until the  
2 expiration of such 30-day period.

3

4                   2. Any Confidential Information or deposition transcript, or any  
5 part thereof, that a party so designates shall not be used by the other party or its  
6 counsel, or be given by the other party or its counsel, to any third party for use in  
7 any business or commercial purpose or any other administrative or judicial  
8 proceeding, and the use of said document shall be limited to the preparation and trial  
9 of the above-entitled action, including discovery, and any and all appeals and/or  
10 retrials.

11

12                   3. Except as provided by paragraph 4 below, all documents,  
13 discovery responses or deposition transcripts designated as containing Confidential  
14 Information may be disclosed only to:

15

16                   a. Counsel for the parties hereto, and clerks, legal assistants,  
17 secretaries, paralegals, investigators, and other persons or entities retained by  
18 counsel to provide litigation-related services and the employees of said persons or  
19 entities;

20

21                   b. Experts, consultants and other independent contractors  
22 retained or employed by counsel to consult with, advise or assist counsel in the  
23 preparation or trial of this case;

24

25                   c. Representatives of the parties hereto who are responsible  
26 for assisting counsel in the preparation or trial of this case;

27

28

1 d. Persons who are being prepared by counsel to give  
2 testimony at a deposition or at trial, or who are being examined by counsel at a  
3 deposition or at trial; and/or

5 e. Court personnel, including the judge, court reporters and  
6 clerks engaged in proceedings necessary to the preparation for trial or the actual trial  
7 of this matter.

9                  4. With respect to the disclosure to Monarch's representatives of  
10 any "medical information" in any claim file produced by SRS in this action, the  
11 "medical information" in such files may only be disclosed to those representatives of  
12 Monarch who are counsel in this matter or are responsible for assisting counsel in  
13 this matter, except that: (1) if the diagnosis of the injury for which workers'  
14 compensation is claimed would affect Monarch's workers' compensation premium,  
15 then the diagnosis and treatment for the claimed workers' compensation injury may  
16 be disclosed to the appropriate representative(s) of Monarch responsible for  
17 monitoring its workers' compensation premium as set forth in Labor Code section  
18 3762; or (2) if the disclosure of such "medical information" is necessary for  
19 Monarch to have in order for it to modify the injured employee's work duties, then  
20 the necessary "medical information" may be disclosed to the appropriate  
21 representative(s) of Monarch responsible for overseeing the modification of the  
22 injured employee's work duties as set forth in Labor Code section 3762. The term  
23 "medical information" shall be construed as that term is used in Labor Code section  
24 3762 and Civil Code section 56.05, as follows:

26 Medical information "means any individually identifiable  
27 information, in electronic or physical form, in possession  
28 of or derived from a provider of health care or health care  
service plan regarding a patient's medical history, mental  
or physical condition, or treatment. 'Individually

1 identifiable' means that the medical information includes  
2 or contains any element of personal identifying  
3 information sufficient to allow identification of the  
4 individual, such as the patient's name, address, electronic  
5 mail address, telephone number, or social security number,  
6 or other information that, alone or in combination with  
7 other publicly available information, reveals the  
8 individual's identity." [Cal. Civ. Code § 56.05(g)].  
9

10  
11 5. With respect to "medical information" in the claim files claimed  
12 to be exempted from disclosure under Labor Code section 3762, SRS will produce  
13 such information pursuant to the terms of this Stipulated Protective Order only after  
14 the following conditions are met:

15  
16 a. Counsel for Monarch must send to each  
17 claimant/employee, at the employee's present or last known address, written  
18 notification in the form of the Notice attached hereto as Exhibit "B" ("Notice").  
19 Subject to the terms of this Stipulated Protective Order, SRS' counsel will provide to  
20 Monarch's counsel the last known address for each claimant/employee whose claim  
21 files are sought no later than ten (10) business days after Monarch's counsel requests  
22 such addresses and identifies in writing the claimant's name and the claim number  
23 relating to each claim file being sought.

24  
25 b. Monarch's counsel will send to SRS' counsel copies of any  
26 Notice sent pursuant to subparagraph (a) at the same time such Notices are sent to  
27 the claimant/employees.

28 c. Monarch's counsel will promptly notify SRS' counsel of  
any written objection received from any employee, or any Notices which are  
returned as undeliverable.

23       6. If, at any time during the pendency of this action, counsel for any  
24 party wishes to challenge another party's designation of documents or discovery  
25 responses as containing Confidential Information, and exclude such documents and  
26 discovery responses from the provisions of this Stipulated Protective Order, the  
27 party may proceed ~~by regular motion or ex parte~~ <sup>under Local Rules</sup> application before the Court. The  
28 parties shall first meet and confer to resolve informally any disputes concerning this

1 Stipulated Protective Order before bringing any such motion or application before  
2 the Court. If the Court finds it appropriate, the Court may examine the designated  
3 material or hear the designated testimony *in camera*. The parties are not obligated  
4 to challenge the propriety of the confidential designation, and a failure to do so shall  
5 not preclude a subsequent attack on the propriety of such designation.

6

7 7. With the exception of the persons identified in paragraph 3(a)  
8 and (e) above, the parties shall take appropriate measures to ensure that all persons  
9 permitted access to such documents under paragraph 3 of this Stipulated Protective  
10 Order shall agree, prior to reviewing such documents, to be bound by the terms and  
11 conditions hereof with respect to the use of such documents, and such persons shall  
12 sign the agreement attached hereto as Exhibit "A."

*PER*

13 8. *With the exception of the persons identified in paragraph 3(e),*  
14 *All documents designated as containing Confidential Information*  
15 *shall be kept in secure facilities. Access to those facilities shall be permitted only to*  
16 *those designated persons set forth in paragraph 3, as limited by paragraph 4, of this*  
17 *Stipulated Protective Order as properly having access thereto.*

18

19 9. All documents, including deposition transcripts, containing  
20 Confidential Information which are filed or lodged with the Court, shall be filed or  
21 lodged in accordance with Local Rule 79-5, in a sealed envelope or other  
22 appropriate sealed container on which shall be endorsed the title to the action to  
23 which it pertains, an indication of the nature of the contents of such sealed envelope  
24 or other container, the notation "DOCUMENT[S] SUBMITTED UNDER SEAL,"  
25 and a statement substantially in the following form:

26

27 "This envelope is sealed and contains confidential  
28 information filed [or lodged] in this case by [name of

1 party] and is not to be opened or the contents thereof  
2 displayed or revealed except by order of the court or  
3 pursuant to stipulation of the parties to this action."

4

5 The envelope or container shall not be opened without order of the  
6 Court except by officers of the Court and counsel of record who, after reviewing the  
7 contents, shall return them to the clerk in a sealed envelope or container.

8

9 10. If Monarch or SRS files any documents or deposition testimony  
10 containing Confidential Information with the Court, it shall indicate to the Court on  
11 filing what portion(s) thereof are subject to this Stipulated Protective Order, and that  
12 the pretrial presentation of such Confidential Information shall be filed under seal.  
13 *If the request is granted,*  
14 The Confidential Information shall be kept by the clerk under seal and shall be made  
15 available only to the Court and its staff and to the persons authorized by the terms of  
16 this Stipulated Protective Order to have access to Confidential Information.

17

18 11. Nothing in this order shall prevent counsel for the parties from  
19 referencing in support of oral or written legal arguments documents, deposition  
20 testimony or other information designated as containing Confidential Information  
21 pursuant to this Stipulated Protective Order, provided that such references do not  
22 contain quoted material from such confidential materials and, if such confidential  
23 materials are submitted to the court, such submission is made in accordance and  
24 compliance with the other provisions contained in this Stipulated Protective Order.

25

26 12. Prior to the trial of this action, counsel for the parties shall meet  
27 and confer, and attempt to agree on an appropriate form of order to submit to the  
28 Court regarding the confidential status, if any, to be afforded any Confidential  
Information which may be disclosed during the course of trial.

1                   13. Upon the final termination of this litigation, counsel for each  
2 party shall return to the other party, or destroy, all materials and copies thereof  
3 which have been designated as containing Confidential Information, and shall  
4 provide counsel (upon request) with a written statement that such documents were  
5 returned or destroyed in accordance with this Stipulated Protective Order. Attorney-  
6 client communications, and internal memoranda subject to the attorney work  
7 product doctrine, which contain Confidential Information do not need to be  
8 destroyed, but shall be secured in a manner so as to protect against inadvertent  
9 disclosure, shall be kept strictly confidential, and shall remain subject to this  
10 Stipulated Protective Order.

11

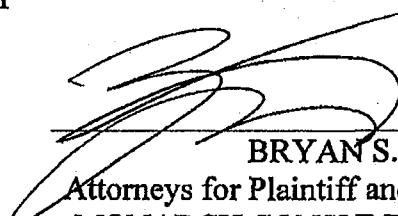
12                   Dated: August 1, 2011

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14                   ROXBOROUGH, POMERANCE, NYE & ADREANI  
15                   LLP

16

17                   By



BRYAN S. DOSS

18                   Attorneys for Plaintiff and Counter-Defendant  
19                   MONARCH CONSULTING, INC. dba PES  
20                   PAYROLL

21

22

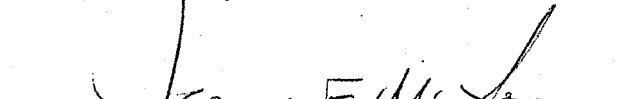
Dated: August 12, 2011

23

24                   SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

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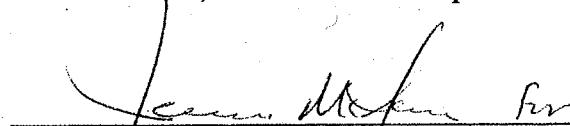
26                   By



JAMES F. McSHANE  
27                   Attorneys for Defendant and Counter-Claimant  
28                   SPECIALTY RISK SERVICES, LLC

1 Dated: August 12, 2011

2 SMITH ♦ ELLISON, Professional Corporation

3  
4 By 

5 MICHAEL W. ELLISON

6 Attorneys for Defendant and Counter-Claimant  
7 SPECIALTY RISK SERVICES, LLC

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# **EXHIBIT A**

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**EXHIBIT A**

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

MONARCH CONSULTING, INC. dba Case No. CV11-01764 DSF (AGR)  
PES PAYROLL,

Plaintiff,

v.

SPECIALTY RISK SERVICES, LLC,  
Defendants

DECLARATION OF  
CONFIRMING COMPLIANCE WITH  
STIPULATED PROTECTIVE ORDER

AND RELATED COUNTERCLAIM

I, \_\_\_\_\_, declare the following:

1. I have read and I understand the Stipulated Protective Order entered in Monarch Consulting, Inc. dba PES Payroll v. Specialty Risk Services, LLC, United States District Court, Central District of California, Case No. CV11-01764 DSF (AGR), and I agree to be bound by its terms.

2. In addition, I consent to the jurisdiction of the Central District Court of California with respect to any actions of any kind whatsoever relative to the enforcement of the Stipulated Protective Order, recognizing that in doing so I subject myself to the full powers of that Court, including the power of imposing sanctions for contempt.

1 || 3. My address is : \_\_\_\_\_

2

3 | Page

4 | Page

5 4. My telephone number is: \_\_\_\_\_.

7 I declare under penalty of perjury under the laws of the United States of  
8 America that the foregoing is true and correct.

10 Executed on \_\_\_\_\_, 2011, at \_\_\_\_\_, State of \_\_\_\_\_.

(Signature) \_\_\_\_\_

# **EXHIBIT B**

**EXHIBIT B**

1  
2 Name  
3 Address  
Address

4 Re: Monarch Consulting, Inc. dba PES Payroll v. Specialty Risk Services,  
5 LLC

6 Dear Mr./Ms.:

7 A lawsuit is currently pending between plaintiff and counter-defendant  
8 Monarch Consulting Inc. dba PES Payroll ("Monarch") and defendant and counter-  
claimant Specialty Risk Services, LLC ("SRS"). As part of the lawsuit, records  
9 pertaining to your workers' compensation claim are being sought for examination by  
Monarch and/or SRS.

10 Your workers' compensation claim and any insurance benefits that you  
11 received in connection with your claim will not be affected by this lawsuit, or by  
Monarch's or SRS' examination of the information in your claim file.

12 This notice is provided to you so that, if you have grounds to do so, you  
13 may object to the disclosure of the records described above. If you object, you must  
14 notify both of the following individuals in writing within 15 days of the date of this  
notice:

15 **Attorney for Monarch**

16 Nicholas P. Roxborough, Esq.  
Roxborough, Pomerance, Nye & Adreani, LLP  
5820 Canoga Avenue, Suite 205  
Woodland Hills, California 91367  
Telephone: (818) 992-9999  
Facsimile: (818) 992-9991

17 **Attorney for SRS**

18 James F. McShane, Esq.  
Sheppard, Mullin, Richter & Hampton LLP  
333 South Hope Street, 43<sup>rd</sup> Floor  
Los Angeles, California 90071  
Telephone: (213) 620-1780  
Facsimile: (213) 620-1398

19 If you have any questions about this notice, you may wish to consult an  
attorney.

20 Very truly yours,

21 Nicholas P. Roxborough, Esq.  
22 Attorney for Monarch